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TO RUEHC/SECSTATE WASHDC 7214  
RUCNASE/ASEAN MEMBER COLLECTIVE  
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RUEHBJ/AMEMBASSY BEIJING 1739  
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RUEHKO/AMEMBASSY TOKYO 5580  
RUEHCN/AMCONSUL CHENGDU 1360  
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RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 03 RANGOON 000138

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TREASURY FOR OASIA: SCHUN

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TAGS: [ECON](#) [EFIN](#) [PREL](#) [BM](#)  
SUBJECT: SOCIOECONOMIC DYNAMICS OF INLE LAKE

REF: A) 07 Rangoon 1001 B) 07 Rangoon 749

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¶1. (SBU) Summary. Inle Lake, Burma's second largest lake and one of its most visited tourist sites, is a microcosm of the sharp divide between Burma's socioeconomic classes. More than 70,000 people live on or around the lake and most are dependent upon the lake for their livelihoods. People's occupations and social classes are largely determined by their home village. The photogenic "leg-rowers" and fishermen are generally the poorest, while traders and goldsmiths are in a higher socioeconomic class. Villages in Inle reflect the social class of their inhabitants: the fishing villages are the worst, with most people living in bamboo and straw huts with no electricity. In the wealthier communities, people live in large multi-level teak houses, own satellite dishes and televisions, and many have multiple motorboats. The economic disparity found in Inle Lake is indicative of the rest of Burma: most people are devastatingly poor while the few wealthy people live in the lap of luxury. End Summary.

Inle Lake: A Study in Economic Disparities  
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¶2. (SBU) Inle Lake, located in southwestern Shan State, is approximately eighteen miles long and seven miles wide, with an average depth of five feet during the dry season and ten feet during the rainy season. According to UNDP estimates, more than 70,000 people live on the lake or along its shores, with more than half of them dependent upon the lake for their livelihoods. The several hundred villages located on or around Inle Lake are home to people with various occupations, including fishermen, farmers, weavers, traders, and goldsmiths, and the villages are divided mostly by occupation. Like with other places in Burma, Inle Lake residents' occupations are determined by where they live. A few have broken

the occupational cycle by going to work in Inle's tourism industry, but many of them continue to live in the villages where they were born.

#### Saving Fish from Drowning

13. (SBU) During a recent trip to Inle Lake, we toured several villages, witnessing firsthand the obvious economic disparities that existed between groups with different occupations. Overall, the fishing villages are the poorest villages, with an average of five people living in small bamboo and straw huts. These rickety homes, standing approximately eight feet above the water on bamboo poles, only last an average of five years. According to local estimates, it costs up to \$200 to build or repair a bamboo hut. There is a sense of community in these villages, as home owners rely on other villagers to assist with home repairs and during financial troubles.

Most of the fishing villages on Inle Lake are sparsely decorated, and most homes lack electricity. Instead, residents use 6-volt or 8-volt batteries to power portable lights and radios, traveling several times a week to nearby villages with power plants to recharge their batteries. To entertain themselves, adults visit their neighbors to catch up on the daily gossip, while the children play in the water or teach themselves how to row a boat.

14. (SBU) Fishermen typically have a meager annual income, dependent upon how many fish they catch. Most fishermen catch an average of two fish a day during the dry season and up to 10 fish a day during monsoon season. Fishermen earn approximately 1,500 kyat (\$1.25) for each fish, depending on the weight of the fish and local demand. To earn extra income, some farmers raise pigs in pens outside their huts, selling piglets to other fishermen or farmers. Some fishermen's wives also work to supplement their incomes, growing crops on small floating islands to sell in the local market or making cheroot (Burmese cigarettes) at home, earning 1000 kyat

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(\$0.83) for 1000 cigarettes.

#### Farming on Water

15. (SBU) Most who live in farming villages on the lake find themselves in a higher socioeconomic bracket than fishermen. Rather than farming typical plots onshore, farmers in the Inle region plant crops, including zucchini, tomatoes, garlic, and leaks, on floating islands that they anchor to the bottom of the lake with bamboo poles. In the larger villages, the community will establish communal farms and assign different farmers to oversee the production of certain crops. Some farmers sell their products in local markets while others sell them to traders, who ship the products to cities, including Rangoon, Mandalay, and Taunggyi. Because communal farmers produce substantially more crops than individual farmers, these farmers as a group sell their crops directly to traders in cities and divide the profits equally. Compared to fishermen, farmers on Inle Lake can earn a decent living by Burmese standards, earning up to \$50 a month during harvest time.

Farmers that also trade and sell their products in big cities tend to be wealthier than those who only sell their products in local markets.

16. (SBU) Unlike the homes in the fishing villages, many of the homes found in farming villages are single floor dwellings made of teak wood and straw, which can last up to 100 years. Some poorer farmers have homes made of bamboo, although they often stand on teak stilts rather than bamboo poles. According to UNDP, the average size of a farming family in Inle Lake is six people. Both women and men farm, although the men are usually responsible for harvesting the crops while the women sell them in the local markets. Farming families typically own at least one boat, with wealthier families having multiple boats or a motorboat, which costs approximately \$750. Larger farming communities have electricity and their own power plants, which they use to generate additional income by charging people to recharge batteries.

#### Wealthier Occupations

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¶17. (SBU) While the majority of people living on Inle Lake are either farmers or fishermen, several communities have developed niche occupations that bring in even higher incomes. We visited several different villages, including a village where the inhabitants were silk-weavers, a village that specialized in the building and repairing of boats and furniture, trading villages, and goldsmith villages. The greater economic wealth of these communities was obvious: houses were multi-level (two or three floors) and made of teak with glass windows; people owned multiple boats including several motorboats; more than one house in the community had a satellite dish and TVs; and all homes had access to electricity.

#### More Money for Education and Health -----

¶18. (SBU) The vast economic disparity among the various villages translates into varying availability of education and health services. While each village has a primary school, only the wealthiest communities (several farming and trading villages) have high schools and monasteries where children could continue their education past the fifth year. Locals told us that children from fishing communities often stop attending school at the age of 11, when they start working to provide additional income for their families.

¶19. (SBU) Poorer villages also have very limited access to health

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care. Locals told us that people must often travel to larger, wealthier villages for medical treatment. Many medium-sized farming villages have medical clinics with a midwife or a nurse, while wealthier villages may have clinics staffed by a doctor or even a small hospital. Pharmacies are only located in wealthy communities.

#### Fuel Costs Affect All -----

¶10. (SBU) Regardless of wealth, the August fuel price hikes (Ref B) affected all residents of Inle Lake, locals told us. Immediately after the August price increases, fares for water taxis and boat "buses" to the main jetty doubled from 7,500 kyat to 15,000 kyat and from 750 kyat to 1,500 kyat a person, respectively. While prices have since fallen - taxis now cost 10,000 kyat to go to the jetty and boat buses cost 1,000 kyat per person, they are still approximately 45 percent higher than pre-August prices.

¶11. (SBU) The cost of food and supplies also increased this year, due primarily to higher transportation charges. A carpenter told us that it takes longer and is more costly to obtain teak from Southern Shan State to make boats. As a result, the price of motorboats increased from 700,000 kyat in 2006 to 800,000 kyat in 2007. Despite higher prices, most incomes remain the same, making it even more difficult for people to purchase basic necessities.

#### Comment -----

¶12. (SBU) The economic disparities between Inle Lake's different social groups were shockingly clear, and the vast majority of people falling into the lowest economic levels. The rest of Burma is much the same: less than ten percent of the population, mostly the military, controls more than 90 percent of Burma's wealth. While it is possible for businessmen to make a decent living in Burma, those with close ties to the regime earn the big bucks while the rest of the population struggles to make ends meet. Burma's socioeconomic dynamics are not likely to change while the military continues to rule - it is much easier to control the people if they are poor and hungry.

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